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as against Rs 49·32 lakhs anticipated in the budget estimates. Fully aware as the Government are that this substantial increase in the revenue surplus is to a large extent the result of the operation of special circumstances connected directly or indirectly with the war conditions, they propose to transfer the entire surplus to the Revenue Reserve Fund (Rs 5 lakhs) and to the Post-war Reconstruction Fund (Rs. 130·84 lakhs) to be drawn upon only for financing schemes of public utility and reconstruction measures. With the unexpended balance of the allotment ear-marked in the current year's budget for Post-war Reconstruction Schemes added to the corpus of the fund, it is hoped that the fund will have at its credit a sum of Rs 534·19 lakhs at the close of this year.

6. On account of the difficulty in getting the necessary machinery etc., our capital programme for the current year which was expected to work up to Rs 87·91 lakhs is actually expected to stand only at Rs 61·51 lakhs. The bulk of the anticipated reduction in expenditure is under Electricity and Telephone and State Transport.

BUDGET ESTIMATES—1122.

7. I shall now pass on to a consideration of the Budget Estimates for the ensuing year. The total revenue for the next year is estimated to stand at Rs 820·13 lakhs, which is in excess of the revised estimates for the current year by Rs. 109·91 lakhs. The House will, I feel sure, note with genuine pride and satisfaction that this revenue is not far short of the revenues of Mysore and as already stated largely in excess of the revenues of every other State and many of the Provinces in India. Though the increase in revenue anticipated for the ensuing year, as compared with the revised estimates for the current year, is to some extent, evenly distributed among the more important revenue yielding items, the increase is most conspicuous under Forests, Taxes on Income, Excise and Interest. The keen demand in the market for our timber and other forest produce and the contract which the Government have entered into with the Travancore Fertilisers and Chemicals Ltd., for a bulk supply of timber and firewood explain the anticipated increase in our forest revenue. The betterment of revenue under Taxes on Income is due to the great growth of business enterprise as also to assessment of agricultural incomes. Under Excise, the increase is mostly under Abkari. The profitable investment of our surpluses gives us better receipts under interest. Even a cursory perusal

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of the revenue estimates for the next year will point to a marked fall in the receipts under Land Revenue for which an explanation is certainly needed. Let me at the very outset apprise the House of the fact that the shrinkage of receipts from Land Revenue is really no abatement or reduction of revenue, but only a transfer of receipts from one revenue head to another ; for what is apparently lost under Land Revenue is correspondingly gained under Taxes on Income. This is the direct result of the introduction, with effect from 1st Chingom 1122, of the basic tax system, on the authority and under the sanction conveyed by His Highness the Maharaja's Proclamation dated 9th July 1946. The question of revision of the existing system of land assessment has been engaging the serious attention of Government for a considerable time. The House may remember that announcement was made at the last budget sessions of Government's intention to introduce a basic tax system envisaging a reform of far-reaching importance and that the policy of Government in this respect received the overwhelming assent of the Legislature. The system is perhaps the first of its kind in the whole of India. The fundamental principle underlying it is the imposition of a low rate of basic tax, uniformly, on all registered holdings, irrespective of their nature, quality or location. There will be no separate tax on trees under the new system. A resettlement of land under the existing system is long overdue. But the House will, it is hoped, appreciate that, not-withstanding the undisputed right of Government to start resettlement operations, definitely and unmistakably calculated to augment the income under Land Revenue, they have resolved to abandon the idea of a resettlement and to embark, on the other hand, on a policy of equalising the burden of land tax and lightening it to the extent possible, with a view to improving the lot of the small land-owners, who form the bulk of the ryots of the State, though such a course involves the sacrifice of a substantial portion of the land revenue due to Government. The larger land-owners can be equitably called on to bear a share of the cost of administration and to contribute their due share to the State Exchequer in the form of a tax on their agricultural incomes, which in the present conditions of this country, cannot be differentiated from other incomes. The rate of the basic tax, as now fixed, is only 4 cash per cent which is admittedly low and equitable. I am sure that the House will not be slow to realise that the introduction of the basic tax system is not so much a fiscal measure as a social measure primarily meant to equalise the burden of taxation with due regard to the ability to bear the burden. The best and the most infallible test of the beneficial effects of the new system is the assessment that would

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have been imposed on a holding if there had been a resettlement. May I not hope that the House will join me in tendering our loyal but fervent tribute of eternal gratitude to His Highness the Maharaja for having issued a Proclamation so beneficial and far-reaching in its effects as the basic tax system and to you, Sir, for the statesman-like lead and advice you gave His Highness in the matter? As a necessary corollary to the introduction of the basic tax system on the lines mentioned by me, the Income tax Act has also had to be suitably amended and in doing so, special care has been taken to provide for the appointment of an Appellate Tribunal as in British India, consisting of three members to hear and dispose of appeals against the decisions of the Income Tax Commissioner.

8. Having said thus much about the revenue side of the next year's budget, I shall now turn to the expenditure side and the net result of our proposed financial transactions for the year. In fixing the programme of expenditure for the next year, the activities of the various departments of Government have been viewed either as normal activities or post-war activities and funds provided in the budget, both for running the routine administration as well as for implementing the provisions of the Post-war Reconstruction Schemes. Out of the anticipated receipts of Rs 820·13 lakhs, a provision of Rs 601·38 lakhs is set apart for ordinary expenditure; the post-war reconstruction schemes take up Rs. 115·29 lakhs and the Revenue Reserve Funds Rs 3 lakhs, leaving an apparent revenue surplus of Rs 100·46 lakhs. But this surplus is not proposed to be contributed to the special headings of the Post-war Reconstruction Fund as in the case of the surpluses of this year and the last. The Fund has already a sufficiently big amount to its credit and there is no immediate necessity to add anything more to the Fund before materials, machinery and adequate and cheaper labour etc., become available for utilising to the best advantages the amount now standing to the credit of the Fund. Practically the whole of the anticipated surplus for the next year *i. e.* Rs 1 crore is therefore proposed to be ear-marked for expenditure on a measure of considerable importance and far-reaching effects, *viz.*, the improvement of village life in the country on a ten-year basis, or if need be, even for a longer period. The idea is to invest the surplus of Rs 1 crore in gilt-edged securities fetching an interest of not less than 3 per cent per annum, so that every year a sum of Rs 3 lakhs may be available for expenditure on the proposed programme of improvements to village life. This sum will be distributed equitably amongst the villages by yearly allotments designed to

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meet the pressing and urgent needs of the village communities dealt wi h. As only the interest and no portion of the corpus of the investment is intended to be spent, the proposed scheme can be continued for as long a period as is necessary to bring all the villages of the country within its scope. I am sure that this proposal will be hailed with enthusiasm by the whole House. Travancore is pre-eminently an agricultural country and the village has been the pulse of life in this land from time immemorial. The villages of Travancore have a primeval simplicity and an attractiveness, all their own; and if the villager thinks of deserting his village for the costlier, but by no means the healthier life of the Town, it is only because his village does not provide the amenities of life, which modern man has grown to appreciate. With a view therefore to ensuring the health, contentment and happiness of the villager in his own natural home and to check the exodus to the cities it is proposed to launch on a scheme for providing amenities of life in all the villages of the State in the shape of supply of good drinking water, easy medical aid, entertainment and contact with the outside world through radio-sets etc. The ultimate effect of this scheme, when worked out to its completion, will be that Travancore will be rich in a happy, contended and healthy rural population. I shall now refer to some of the more important features of the next year's programme of expenditure.

9. *Education.* The provisions of the free compulsory Primary Education Act of 1121, have already been implemented in the taluks of Thovala and Agastiswaram and in the Municipal Towns of Nagercoil and Trivandrum. The scheme has had a ready response and hearty co-operation from the public in general and from the management of private schools in particular. Buildings, furniture and staff have been freely offered to be released to Government. The London Mission Society has so far released 33 school buildings, the Salvation Army, 6 and individual managements, 27 and Government's thanks are due, in a large measure, to these institutions and individuals for their unstinted co-operation. A committee has been appointed to advise the Director of Public Instruction on matters connected with the working of the compulsory Primary Education Scheme. It is proposed to extend the scheme to at least three more taluks during the course of the next year, for which a provision of Rs 10·5 lakhs is included in the budget under Post-War Reconstruction Schemes.

10. *Food.* The experience of the last five and a half years following the declaration of the war has brought home to us the imperative necessity for intense cultivation and scientific development of our natural resources with a view to becoming as selfreliant

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